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13 November 2023

Subject: Management Discussion and Analysis of the Company's Performance for the Quarter 3/2023

To: President
The Stock Exchange of Thailand

Chase Asia Public Company Limited ("**Company**") would like to submit the quarter 3/2023 financial statements for the nine-month period ended September 30, 2023, which were reviewed by certified public accountants to the Stock Exchange of Thailand.

For the Company's performance for the quarter 3/2023 financial statements, it had a net profit of Baht 46.38 million. In this connection, the Company would like to explain the reasons for its performance in the quarter 3/2023, details which appear as attached.

Management Discussion and Analysis of the Company's Performance for the quarter 3/2023

1. Business Performance Analysis

Chase Asia Public Company Limited and subsidiaries ("the Group") operate two main businesses as follows:

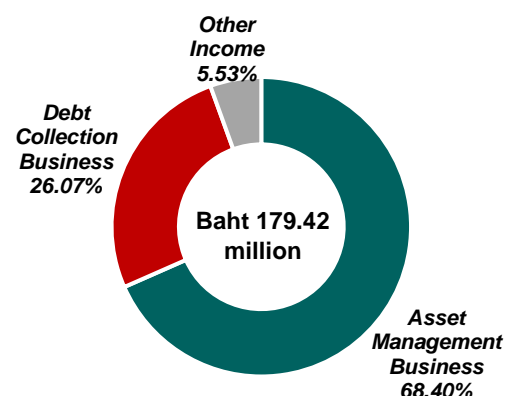
1. For the asset management business, the Group manages non-performing assets from both secured and unsecured portfolio transferred from financial and non-financial institutions. The Group performs debt collection to ensure debt repayment.
2. For the debt collection service business, the Group offers a comprehensive collection service including litigation service to the employers. The Group's service fee will be based on the agreed rates with the employers which are the percentage to total collected amounts. The rate is subject to the level of complexity in debt collection.

Unit : Million Baht	<u>3 months period</u>		<u>Change</u>		<u>9 months period</u>		<u>Change</u>	
	<u>30 Sep 22</u>	<u>30 Sep 23</u>	Amount	Percent	<u>30 Sep 22</u>	<u>30 Sep 23</u>	Amount	Percent
Total revenue	156.70	179.42	22.72	14.50	518.11	498.17	(19.94)	(3.85)
Asset Management Business	97.15	122.73	25.58	26.33	308.70	332.21	23.51	7.62
Debt Collection Business	51.83	46.77	(5.06)	(9.76)	177.01	142.73	(34.28)	(19.37)
Other income	7.72	9.92	2.20	28.50	32.40	23.23	(9.17)	(28.30)
Cost of service and professional fee	(60.79)	(53.87)	(6.92)	(11.38)	(168.72)	(181.80)	13.08	7.75
Gross profit	95.91	125.55	29.64	30.90	349.39	316.37	(33.02)	(9.45)
Administrative expenses	(24.57)	(31.92)	7.35	29.91	(72.40)	(92.96)	20.56	28.40
Profit from operation	71.34	93.63	22.29	31.24	276.99	223.41	(53.58)	(19.34)
Expected credit loss	(39.90)	(33.62)	(6.28)	(15.74)	(112.48)	(83.21)	(29.27)	(26.02)
Finance costs	(4.84)	(2.12)	(2.72)	(56.20)	(11.09)	(11.25)	0.16	1.44
Income tax expense	(7.24)	(11.51)	4.27	58.98	(31.51)	(26.65)	(4.86)	(15.42)
Net profit (loss)	19.36	46.38	27.02	139.57	121.90	102.30	(19.60)	(16.09)

Revenue

Total revenue of the quarter 3/2023 was Baht 179.42 million, which increased by 14.50% compared to the same period last year, where it was Baht 156.70 million. The growth was primarily driven by the asset management business, thanks to its continued collection efficiency and expansion of investments in potential non-performing loans. For the nine-month period of 2023, the Group's total revenue was Baht 498.17 million, which represents a slight decrease of 3.85% from last year's Baht 518.11 million. Details of each business are described as follows:

Revenue structure of the quarter 3/2023



Asset management business

The Non-Performing Loans (NPLs) values as of September 30, 2023, amounted to Baht 30,958 million or 29.72%, representing an increase from the end of last year. In the quarter 3/2023, the Group acquired non-performing loans worth Baht 477.08 million, while cash flow received from NPLs was Baht 131.14 million, an increase of 47.65% compared to the same period last year. For the nine-month period of 2023, the Group acquired non-performing loans worth Baht 843.80 million, while cash collected from NPLs reached Baht 353.75 million, an increase of 20.04% from the same period last year.

Particulars	31 Dec 22 (Mil Baht)	30 Sep 23 (Mil Baht)	Change (%)
Rights to claim based on NPLs value (as at period-end)	23,866	30,958	29.72

Particulars	For 3 months period ended 30 September			For 9 months period ended 30 September		
	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)
Cash flow received from debtors (for the period)	88.82	131.14	47.65	294.69	353.75	20.04

In the quarter 3/2023, the main revenue of asset management business was interest income from loans to NPLs, totaling Baht 122.73 million, or 26.33% increase from the same period of last year. This growth can be attributed to the continued efficient cash collection capabilities, the successful implementation of the Auto Dialer, which significantly enhanced the efficiency of daily debtor calls, and the expansion of our unsecured non-performing loans portfolio throughout the year. As a result, the proportion of revenue from the asset management business in the the quarter 3/2023 increased to 68.40%. For the nine-month period of 2023, interest income from loans to NPLs, amounting to Baht 332.21 million, or 7.62% increase from the same period of last year. While the proportion of revenue from the asset management business for the nine-month period of 2023 is 66.69% of the total revenue.

Debt collection business

In the quarter 3/2023, the amount of loan that the Company provided debt collection service is Baht 12,757.85 million, representing a 18.33% decrease from the same period last year. During this quarter, the Company successfully collected Baht 138.12 million, showing a 26.28% decrease from the same period last year. For the nine-month period of 2023, the Company's cash collection amounted to Baht 479.46 million, representing a decrease of 28.14% compared to the same period last year. This decrement was caused by the reduced number of assignments from financial institutions, in accordance with the change in assignment policy. Despite the decrease in collections, the commission rate remains significantly higher than the industry. The average commission rate is 26.06% which increased from last year at 21.18%. However, commission rate is based on the agreed rate with the employer which is subject to the level of complexity in debt collection.

Particulars	30 Sep 22 (Mil Baht)	30 Sep 23 (Mil Baht)	Change (%)
Amount of loan that the Company provided debt collection service (as at period-end) (Million Baht)	15,621.95	12,757.85	(18.33)
Average commission rate (%)	21.18	26.06	23.04
Success rate (%)	5.53	4.73	(14.51)

Particulars	For 3 months period ended 30 September			For 9 months period ended 30 September		
	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)	2022 (Mil Baht)	2023 (Mil Baht)	Change (%)
Amount of loan that the Company was able to collect (for the period) (Million Baht)	187.35	138.12	(26.28)	667.20	479.46	(28.14)

Revenue from debt collection business is service revenue which employers paid for the debts collection and professional fee arising from litigation service. In the quarter 3/2023, the revenues were Baht 46.77 million, a decrease of 9.76% from the same period last year. For the nine-month period of 2023, the revenues were Baht 142.73 million, a decrease of 19.37% from the same period last year. This decline was primarily due to the decrease in the number of assignments from financial institutions following changes in their assignment policy for this year, which leans towards selling more non-performing assets.

Cost of service and professional fee

In the quarter 3/2023, the cost of service and professional fee amounted to Baht 53.87 million, representing a 11.38% decrease from the same period last year. This decline was primarily attributed to a reduction in the number of assignments for debt collection services and effective cost management. In addition, the utilization of the Auto Dialer system has enhanced the opportunity to negotiate with debtors before legal processes, contributing to increased efficiency. As a result, the gross profit margin (GPM) for the quarter 3/2023 improved to 69.98%. For the nine-month period of 2023, the cost of service and professional fees totaled Baht 181.80 million, an increase of 7.75% from the same period last year, while the gross profit margin (GPM) stood at 63.51%.

Administrative expenses

In the quarter 3/2023, the administrative expenses amounted to Baht 31.92 million or 29.91% increase from the same period last year, due to the increase in personnel expenses aligned with business expansion, and the recognition of some depreciation for new office building assets. As a result, the portion of administrative expenses to total revenue in the quarter 3/2023 rose to 17.79%, compared to the rate of 15.68% recorded during the same period last year. For the nine-month period of 2023, the administrative expenses totaled Baht 92.96 million or 28.40% increase from the same period last year. This increase was primarily attributed to public relations and consultant fees related to the initial public offering (IPO) in the first quarter of 2023, the expansion of our workforce to support business growth, and the recognition of depreciation for new office building assets during this quarter. The portion of administrative expenses to total revenue for the nine-month period of 2023 rose to 18.66%, compared to the rate of 13.97% of last year.

Expected credit loss (ECL)

In the quarter 3/2023, the expected credit loss was Baht 33.62 million or 15.74% decrease from the same period last year. For the nine-month period of 2023, the expected credit loss was Baht 83.21 million or 26.02% decrease from the same period last year. This reduction is primarily attributable to improvements in cash collection.

Finance costs

In the quarter 3/2023, the finance costs amounted to Baht 2.12 million or 56.20% decrease from the same period last year, due to the partial repayment of loans. For the nine-month period of 2023, the finance costs totald Baht 11.25 million, a slight increase of 1.44% from the same period last year.

Net profit

In the quarter 3/2023, the net profit was Baht 46.38 million or 139.57% increase from the same period last year. This growth was contributed by the asset management business, achieved through improved cash collection, continued acquisition of a portfolio of unsecured non-performing loans, as well as effective cost control management. As a result, the net profit margin (NPM) improved to 25.85% in the quarter 3/2023 from 12.35% in the quarter 3/2022.

For the nine-month period of 2023, the net profit was Baht 102.30 million, representing a 16.09% decrease from the same period last year, primarily due to the increase in personnel expenses and additional expenses related to the initial public offering (IPO). As a result, the net profit margin (NPM) for the nine-month period of 2023 decreased to 20.54% compared to 23.53% from the same period last year.

2. Financial position

Unit : Million Baht	31 Dec 22		30 Sep 23		Change	
	Amount	Percent	Amount	Percent	Amount	Percent
Total assets	2,931.37	100.00	3,783.08	100.00	851.71	29.06
Cash and cash equivalents	115.21	3.93	232.02	6.13	116.81	101.39
Loans to non-performing assets, net	1,780.76	60.75	2,498.57	66.05	717.81	40.31
Loans to customers, net	351.85	12.00	327.05	8.65	(24.80)	(7.05)
Property, plant and equipment, net	408.36	13.93	441.29	11.66	32.93	8.06
Other assets	275.19	9.39	284.15	7.51	8.96	3.26
Total liabilities	871.63	29.73	434.12	11.48	(437.51)	(50.19)
Payables from financial institution	46.72	1.59	57.99	1.53	11.27	24.12
Short-term borrowings from financial institutions	461.95	15.76	-	-	(461.95)	(100.00)
Current portion of long-term borrowings from financial institutions	109.72	3.74	109.71	2.90	(0.01)	(0.01)
Long-term borrowings from financial institutions	172.30	5.88	204.78	5.41	32.48	18.85
Other liabilities	80.94	2.76	61.64	1.62	(19.30)	(23.84)
Total shareholder's equity	2,059.74	70.27	3,348.96	88.52	1,289.22	62.59

Total assets

As of September 30, 2023, the Group had total assets of Baht 3,783.08 million, which increased by Baht 851.71 million or 29.06% from the end of last year. The increase can be attributed to the following reasons:

- The increment of cash and cash equivalents around Baht 116.81 million from an initial public offering (IPO).
- The increment of loans to non-performing assets, net around Baht 717.81 million from the investment in new non-performing loans.
- The decrement of loans to customers, net around Baht 24.80 million.
- The increment of property, plant, and equipment, net around Baht 32.93 million from the construction of new office.

Total liabilities

As of September 30, 2023, the Group had total liabilities of Baht 434.12 million, which decreased by Baht 437.51 million or 50.19% from the end of last year as the following reasons:

- The increment of payable from financial institutions around Baht 11.27 million by purchasing loans to non-performing assets.
- The decrement of short-term borrowings (Bridging Loan) from financial institutions around Baht 461.95 million by repayment of loans.
- The decrement of long-term borrowings from financial institutions around Baht 32.48 million due to the partial repayment of loans.

Total shareholder's equity

As of September 30, 2023, the Group had total shareholder's equity of Baht 3,348.96 million, which increased by Baht 1,289.22 million or 62.59% from the end of last year. The reasons for increment mainly arose from the proceeds from issuance of ordinary shares and the increase in operating profit.

Debt to Equity ratio

As of September 30, 2023, the Debt-to-Equity ratio of the Group was at 0.13x decreased from 0.42x at the end of last year.

Outlook on Further Performance or Financial Position

- A positive outlook for debt collection results is expected in the fourth quarter, which is a high season for the debt collection business. Additionally, the expansion of the non-performing asset portfolio will lead to a continued improvement in the cash collection.
- Ongoing opportunity to acquire additional non-performing loans. In the last quarter of the year, we are well-positioned to achieve our investment target of Baht 1,000 million, in line with the high level of non-performing loans and the potential for further increases in supply.
- The utilization of the Auto Dialer aims to enhance efficiency in debt collection, reduce collection periods, and increase the number of customer calls per day.
- Emphasizing effective cost management with the aim of maintaining a robust gross profit margin.

Please be informed accordingly,

Respectfully yours,
Chase Asia Public Company Limited

Ms. Waraluck Chaisuwan
Chief Financial Officer